United Nations E/CN.3/2008/20

Economic and Social Council

Distr.: General
7 December 2007

Original: English

Statistical Commission
Thirty-ninth session
26-29 February 2008
Item 4 (f) of the provisional agenda*
Items for information: Ottawa Group on Price Indexes

Ottawa Group on Price Indexes

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-eighth session,** the Secretary-General has the honour to transmit the report of the Ottawa Group on Price Indexes, which is presented to the Commission for information. The Commission is requested to take note of the report.

* E/CN.3/2008/1.

** See *Official Records of the Economic and Social Council, 2007, Supplement No. 4* (E/2007/24), chap. I. A.

07-63193 (E) 311207

Report of the Ottawa Group on Price Indexes

I. Purpose and organization of the Ottawa Group

1. The International Working Group on Price Indexes, known as the "Ottawa Group", was formed in 1994 to provide a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the Group focuses primarily on applied research, particularly, though not exclusively, in the area of consumer price indices. The Group examines advantages and disadvantages of various concepts, methods and procedures in the context of realistic operational environments, supported by concrete examples whenever possible. Participants are specialists and practitioners who work for or advise statistical agencies in different countries or international organizations. The Group initially met annually but now meets every 18 to 24 months.

2. The Group has a steering committee, which ensures both the continuity and evolution of its activities. The steering committee comprises representatives of the agencies that host the Group's recent or upcoming meetings, together with others agreed to by the membership from time to time. The representative of the Australian Bureau of Statistics currently serves as Executive Secretary.

3. Meetings of the Group are divided into sessions, each devoted to one clearly defined topic, with a designated moderator who is also responsible for producing a summary of the discussions and noting any recommendations.

4. The host agency provides facilities for the meeting and arranges for the compilation of proceedings, which contain the papers presented and the most important elements of discussions. They also include the Group's recommendations when a consensus clearly emerges from discussion or, if this is not the case, a summary of the varying opinions with a balanced commentary.

5. Copies of proceedings and information about the Ottawa Group are available on the Group's public website (www.ottawagroup.org). The agency providing secretariat services (currently the Australian Bureau of Statistics) is responsible for maintaining the website. The steering committee may also decide to edit and periodically release compendiums on selected topics whenever it is warranted by the status of available materials.

6. Researchers working for or advising national statistical offices have attended Group meetings, including from Australia, Austria, Brazil, Canada, Chile, China, Denmark, Finland, Germany, Iceland, Indonesia, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Poland, the Republic of Korea, Singapore, Spain, Sweden, Switzerland, Thailand, the United Kingdom of Great Britain and Northern Ireland and the United States of America. There are also participants from international organizations such as Eurostat, the Statistics Department of the International Monetary Fund, the International Labour Organization (ILO), the Economic Commission for Europe (ECE) and the Organization for Economic Cooperation and Development.

II. Meetings

7. The Group has met on 10 occasions:

- Ottawa, 31 October-3 November 1994
- Stockholm, 15-17 November 1995
- Voorburg, the Netherlands, 16-18 April 1997
- Washington, D.C., 22-24 April 1998
- Reykjavik, 25-27 August 1999
- Canberra, 16-21 April 2001
- Paris, 27-29 May 2003
- Helsinki, 23-25 August 2004
- London, 14-16 May 2006
- Ottawa, 10-12 October 2007

8. The next meeting of the Group is scheduled to be held in Neuchâtel, Switzerland in 2009.

III. Recent activities

9. Since it last reported to the Statistical Commission, in 2005 (see E/CN.3/2005/8), the Group has met twice — May 2006 in London and October 2007 in Ottawa.

10. Fundamental problems of price measurement, particularly at the micro level, have been recurring themes of recent meetings. These problems include the use of different techniques and procedures for dealing with product quality change (especially hedonic methods); coping with increasingly complex pricing schemes (for example, discounts associated with bundling of telephone, Internet access and cable television services); and the impacts of new technologies. Sessions have been devoted to especially difficult areas for price index construction, such as financial and insurance services, health-care services, telecommunications services and housing. In the last two meetings, the Group has also considered other issues such as quality assurance in the production of price indexes and using price databases from electronic commerce sources to improve data quality and to reduce the costs of price index compilation.

11. At the Helsinki meeting in 2004, the Group acknowledged the significant achievement of the Intersecretariat Working Group on Price Statistics in producing new international manuals on consumer and producer price indexes. The view of the Intersecretariat Working Group that these manuals (particularly the electronic versions) should be seen as "living documents" was strongly supported and the Ottawa Group discussed how best it might contribute to that objective. It was agreed that the Ottawa Group would modify its "rules of engagement" to ensure that papers dealing with issues covered by one or both of the new manuals would make explicit reference to the relevant sections in the manual(s) identifying any perceived need for change. Similarly, discussions of papers at Ottawa Group meetings now seek to

include any advice concerning the manuals that might be passed on to the Intersecretariat Working Group for its consideration. The two most recent meetings of the Ottawa Group included discussions of these price index manuals. At its 2007 meeting the Ottawa Group also discussed a progress report on the development of a supplementary handbook entitled "Practical guide to compiling consumer price indexes".

12. The Ottawa Group steering committee concurs with the descriptions developed by the Intersecretariat Working Group (see the annex to the present report) of the respective roles of the Intersecretariat Working Group, the Ottawa Group and the joint ECE/ILO consumer price index meetings. The Ottawa Group steering committee consults with members of the Intersecretariat Working Group and organizers of the joint ECE/ILO consumer price index meeting to ensure appropriate coordination of meeting agendas.

13. The point of contact for the Ottawa Group is:

Keith Woolford, Director
Prices Research and Development
Australian Bureau of Statistics
Locked Bag 10, Belconnen ACT 2616
Australia
Telephone: (61) 2 62526673
E-mail: keith.Woolford@abs.gov.au

Annex

Roles of the joint Economic Commission for Europe/ International Labour Organization consumer price index meetings, the Ottawa Group and the Intersecretariat Working Group on Price Statistics

Joint Economic Commission for Europe/International Labour Organization consumer price index meetings

1. The joint ECE/ILO consumer price index meetings provide a unique opportunity for national experts to exchange views and experiences in the field of price statistics and to identify good practices. The joint meetings are the only intergovernmental meetings on consumer price indexes at a broader geographical level than the European Union, and they also offer an important forum for the Intersecretariat Working Group on Price Statistics for discussion of issues related to consumer price indexes. The joint meetings report to the ILO Bureau of Statistics and the Conference of European Statisticians.

2. The meetings focus on issues that are directly relevant for the compilation of consumer price indexes in national statistical offices. The meetings discuss all steps of the compilation process, i.e. collection, processing and dissemination of data, including also resource and organizational issues. The meetings are usually held every second year.

3. The meetings aim to discuss and make recommendations on good practices that can be implemented by the statistical offices. The agenda is demand-driven in the sense that the organizing committee decides the future agenda items on the basis of proposals from the country representatives at the joint meetings.

4. The joint meetings have been an important forum for the work on the international consumer price indexes manual published in 2004 and for feedback from countries for the revision of the electronic version of the manual.

5. In addition to the substantial topics discussed at the meetings, the International Monetary Fund (IMF), ILO, the Intersecretariat Working Group, the Organization for Economic Cooperation and Development (OECD) and Eurostat provide reports on activities and initiatives. This helps to ensure that the joint meeting and the country representatives are informed about the international activities on consumer price indexes.

6. The joint meetings are attended by 80 to 100 participants. In addition to experts from the national statistical offices of ECE member countries, the participants include representatives of national statistical offices in Asia, Arabic-speaking countries, Africa and South America invited by ILO. Experts from other international organizations (IMF, OECD, ILO and Eurostat) also attend the meetings, as do representatives from central banks, for example the European Central Bank, representing a main-user perspective. Some members of the Ottawa Group and the Intersecretariat Working Group also attend the meetings.

7. The joint meetings thus also provide a forum for conveying information to the Intersecretariat Working Group and other international organizations about activities, problems and needs in the compilation of consumer price indexes in

statistical offices. Reports and recommendations of the joint meetings as well as proposals for future agendas are submitted to the Intersecretariat Working Group.

Ottawa Group

8. The Ottawa Group on Price Indexes, established in 1994, provides a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the Group focuses on applied research, particularly in the area of consumer price indices. Participants are specialists and practitioners who work for or advise national statistical agencies or international organizations. The Ottawa Group reports to the Statistical Commission.

9. The Group aims to meet every 18 to 24 months. The meetings are attended by 20 to 40 participants from statistical offices and international organizations. The presentation of a paper is usually, but not always, required to participate at meetings.

10. The agenda is agreed by the steering committee, which at present consists of representatives from the national statistical offices of Australia, the United Kingdom, the Netherlands, Canada and Switzerland (who will host the next meeting in 2009).

11. The Ottawa Group has played an important role in the theoretical and methodological development of price indexes during the past decade. For example, the international consumer price index and producer price index manuals, published in 2004, benefited much from work in the Group. It brings leading experts in price statistics together with practitioners from national statistical offices, which provides a unique opportunity for discussing problems associated with implementation of the recommendations in practice. Practical problems, for example caused by resource shortage, lack of reliable data sources or time constraints, are also brought to the attention of the "theorists" for clarification or recommendations.

12. Representatives of international organizations usually also participate in the Ottawa Group meetings. This helps to ensure that international organizations are up to date with the latest development in the area of price indexes.

13. For each Ottawa Group meeting, a summary, including possible conclusions and recommendations, and presented papers are available through the Group's web page www.ottawagroup.org.

Intersecretariat Working Group on Price Statistics

14. Based on the recommendation of the joint ECE/ILO meeting on consumer price indexes and at the invitation of the ILO Bureau of Statistics, the Intersecretariat Working Group on Price Statistics was established in 1998 to coordinate work to develop the international standards on price statistics. The Intersecretariat Working Group reports to the Statistical Commission.

15. According to its original terms of reference (which are available at www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm), the Intersecretariat Working Group should work to develop and establish international manuals on

consumer price indexes and other price statistics, in particular producer price and international trade price indexes. The Group should also assist in the development of a framework for price statistics which is able to explain the links among various price indexes and between price indexes and other relevant economic and labour statistics.

16. The terms of reference of the Intersecretariat Working Group were revised in 2005 to take into account the development of work since 1998. The objectives in the revised terms of reference are:

(a) To develop and implement the consumer price and producer price index manuals, including revising the electronic versions of the manuals;

(b) To arrange for the establishment of standards and manuals for other price statistics, in particular export and import price indexes and real estate price indexes;

(c) To coordinate the work of international organizations in implementing best practices, sharing information on training and technical assistance and avoiding duplication of work;

(d) To assist in the development of a framework for price statistics which is able to explain the links among various price indexes and between price indexes and other relevant economic and labour statistics.

17. The Intersecretariat Working Group comprises the following organizations: IMF, ECE, ILO, OECD, Eurostat and the World Bank. The Group may invite experts to participate in its work. Experts from Australia, the United States of America, the United Kingdom, the Netherlands and Canada participated in the two most recent meetings of the Group, held in May 2006 back-to-back with the joint consumer price index meeting in Geneva and in October 2007 on the day before the 10th Ottawa Group meeting.